

Message Text

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ACTION SP-02

INFO OCT-01 ISO-00 EB-07 SS-15 L-03 /028 W

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P 071730Z JAN 76

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 9820

C O N F I D E N T I A L SECTION 1 OF 2 KINGSTON 0080

STADIS////////////////////////////////////

FOR S/P MICHAEL ELY AND EB JULIUS KATZ

E.O. 11652: GDS

TAGS: EGEN

SUBJECT: UNCTAD IV MEMO TO SECRETARY

1. FOLLOWING ARE CONSOLIDATED BOEKER AND FRANK CHANGES ON JANUARY 5 DRAFT OF LORD MEMO TO THE SECRETARY ON UNCTAD IV STRATEGY. THESE ARE KEYED TO PAGE AND LINE NUMBERS OF JANUARY 5 DRAFT. FOR SECTION ON QUOTE THE SIGNIFICANCE OF UNCTAD IV UNQUOTE WE ARE TRANSMITTING ENTIRE REVISED TEXT, SINCE BOEKER/FRANK CHANGES ARE NUMEROUS.

2. PAGE 1. REVISE LAST TWO SENTENCES AS FOLLOWS: QUOTE TO BE SURE THIS WILL BE A DIFFICULT FORUM IN WHICH TO DISCUSS NORTH/SOUTH ECONOMIC RELATIONS IN A MEANINGFUL WAY. DESPITE SOME RECENT EFFORTS OF THE UNCTAD SECRETARIAT TO BE MORE PRAGMATIC, THERE IS SUBSTANTIAL DANGER THAT THIS CONFERENCE WILL DEGENERATE INTO A CONFRONTATIONAL AND FUTILE EXERCISE --

3. PAGE 2. IN FOURTH LINE ADD QUOTE OFTEN UNQUOTE BEFORE QUOTE PITTED AGAINST ONE ANOTHER UNQUOTE AND DELETE REST OF SENTENCE. IN THIRD AND FOURTH LINES FROM THE BOTTOM, DELETE QUOTE ALMOST EVERY UNQUOTE AND REPLACE WITH QUOTE MANY UNQUOTE.

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4. FOLLOWING IS REVISED TEXT OF SECTION ON QUOTE THE SIGNIFICANCE OF UNCTAD IV UNQUOTE.

UNCTAD IV WILL BE SEEN BY THE DEVELOPING WORLD AS A MAJOR MILESTONE IN THE PROCESS OF INTENSIVE NORTH-SOUTH NEGOTIATIONS YOU INITIATED AT THE UN AND AN OPPORTUNITY TO TURN IT TO LDC PURPOSES AND LDC-DOMINATED INSTITUTIONS. THE LDCS WILL WANT TO USE UNCTAD IV TO CREATE A HIGH PLATFORM FROM WHICH THEIR NEGOTIATING DEMANDS CAN BE FURTHER ADVANCED IN THE CIEC AND THE MTN. THEY WILL ALSO SEEK TO BUILD UP UNCTAD, WHOSE PROCEEDINGS AND SECRETARIAT THEY DOMINATE, AS THE PRINCIPAL VEHICLE FOR CARRYING OUT MANY OF THE UNGA'S PROPOSALS RANGING FROM COMMODITIES TO SCIENCE AND TECHNOLOGY. IN NAIROBI LDC'S WILL THUS BE LOOKING NOT JUST FOR DC PROPOSALS BUT FOR FUTURE ACTION IN THE UNCTAD FORUM.

OUR DIFFICULT TASK AT NAIROBI WILL BE TO MAINTAIN THE POSITIVE MOMENTUM OF NORTH-SOUTH NEGOTIATION WITHOUT ALLOWING MUCH OF THE ACTION TO BE TAKEN OVER BY UNCTAD. A FAILURE TO ACHIEVE SOME CONSENSUS ON MAJOR ISSUES IN NAIROBI COULD EXACERBATE THE NEGATIVE TRENDS WE HAVE SOUGHT TO COUNTER -- GROWING LDC FRUSTRATION, FURTHER RADICALIZATION OF THE "NON-ALIGNED", STRENGTHENING OF THE NOW WEAKENING OPEC-LDC ALLIANCE, MORE IRRESPONSIBLE BLOC VOTING IN INTERNATIONAL INSTITUTIONS, AND POSSIBLY SOME ECONOMIC CONSEQUENCES, SUCH AS INTERNATIONAL DEFAULTS ON DEBTS TO THE WEST. (PROGRESS ELSEWHERE -- CIEC, MTN -- COULD PARTIALLY OFFSET THIS.) YET TO AVOID THESE COSTS BY BUILDING-UP UNCTAD WOULD HARM OUR EFFORTS TO KEEP THE FOCUS OF NORTH-SOUTH NEGOTIATION OUT OF THE GLOBAL CIRCUSES AND IN MORE MANAGEABLE, SPECIALIZED FORUMS (CIEC, WORLD BANK, IMF, SOME UN SPECIALIZED AGENCIES).

FOR DC RELATIONS WE MUST EXERT A MAJOR EFFORT TO COMBAT THE TEMPTATION ON THE PART OF SOME OF OUR ALLIES TO PRESS PROPOSALS WHICH DIVIDE THE OECD COUNTRIES. TWO SUCH POSSIBILITIES ARE INITIATIVES RELATING TO DEBT MORTORIA AND THE SDR/LINK. WE ARE PARTICULARLY

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VULNERABLE TO BEING ISOLATED ON THE LATTER.

ON THE OTHER HAND UNCTAD ALSO REPRESENTS SOME POLITICAL OPPOTUNITIES FOR US, ALTHOUGH WE EXPECT THAT IT MAY BE EXTREMELY DIFFICULT TO EXPLOIT THESE FULLY. THE LDCS ARE DIVIDED ON THE RELATIONSHIP BETWEEN UNCTAD AND CIEC. SOME MODERATES ARE CAUTIOUSLY HOPEFUL ON CIEC: OTHERS VIEW CIEC AS AN INDUSTRIALIZED COUNTRY

(AND MAYBE EVEN OPEC) END RUN AROUND THE UN SYSTEM
(WHICH IS IRONIC, SINCE CIEC CAME INTO BEING BECAUSE OF
LDC-OPEC INSISTENCE ON JOINING THE OIL ISSUE TO EVERY-
THING ELSE). IF WE ARE SKILLFUL, WE CAN USE UNCTAD BOTH
TO BUILD UP AN AGENDA FOR CIEC AND OTHER SPECIALIZED
ORGANS AND TO PUT SOME PRESSURE ON G-77 POLITICAL COHESION.

AS REGARDS RELATIONS AMONG INDUSTRIALIZED COUNTRIES,
OUR ABILITY TO SQUELCH THE RADICAL PROPOSALS WHICH CAN
DIVIDE THE OECD COUNTRIES DEPENDS UPON OUR CONTINUING TO
DOMINATE THE FORWARD GROUND OF THESE COUNTRIES SUBSTANTIVE
POSITIONS. IF WE CAN DO SO, UNCTAD IV OFFERS SOME OPPOR-
TUNITY TO FURTHER SOLIDIFY POLITICAL AND ECONOMIC TIES
THROUGH HARMONIZATION OF POLICIES TOWARDS THE THIRD WORLD.
THE SCOPE FOR DCS TO PRESSURE OPEC FOR MODERATE PRICING
POLICIES AND GREATER AID CONTRIBUTIONS WILL BE MUCH
LESS THAN IN CIEC SINCE OPEC CAN MAINTAIN A VERY LOW
PROFILE IN THE HERD OF THE G-77. THERE MAY ALSO BE A
POSSIBILITY OF EMBARRASSING THE SOCIALIST BLOC COUNTRIES,
PARTICULARLY THE USSR, WHO HAVE INCREASINGLY BEEN
REGARDED WITH SUSPICION IN UNCTAD BECAUSE OF THE DISPARITY
BETWEEN THEIR POLITICAL RHETORIC AND THEIR MEAGRE FINANCIAL
CONTRIBUTIONS TO THE DEVELOPING WORLD.

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ACTION SP-02

INFO OCT-01 ISO-00 EB-07 SS-15 L-03 /028 W

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P 071730Z JAN 76

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 9821

C O N F I D E N T I A L SECTION 2 OF 2 KINGSTON 0080

STADIS////////////////////////////////////

FOR S/P MICHAEL ELY AND EB JULIUS KATZ

FINALLY, BY JUDICIOUSLY STALLING UNCTAD ON A FEW HIGH
ISSUES AND USING IT TO HAND OFF OTHERS, WE CAN ENCOURAGE
FEWER GLOBAL ECONOMIC CONFERENCES AND MORE PRAGMATIC

DISCUSSIONS IN SMALLER GROUPS OF COUNTRIES WHO ARE BOTH INTERESTED IN AND CAPABLE OF EFFECTING NEEDED CHANGE IN THE EXISTING SYSTEM. THE CONFLUENCE OF UNCTAD IV AND THE MORE RESTRICTED MEMBERSHIP CIEC PROVIDES A PARTICULAR OPPORTUNITY FOR US IN THIS REGARD.

IN EXPLOITING THESE OPPORTUNITIES THE STYLE OF OUR NEGOTIATION WILL BE AT LEAST AS IMPORTANT AS THE SUBSTANCE OF OUR POSITIONS, GIVEN THAT WE ALREADY HAVE A RELATIVELY FORWARD POSITION ON MANY NORTH-SOUTH ISSUES.
END REVISED TEXT.

5. PAGE 9. IN FOURTH LINE FROM THE BOTTOM ADD QUOTE
IN THE JAMAICA MEETINGS UNQUOTE AFTER QUOTE DECISIONS UNQUOTE.

6. PAGE 10. IN LINES ONE AND TWO DELETE QUOTE MAKE
A FORTHCOMING POSTURE QUITE DIFFICULT FOR US UNQUOTE
AND REPLACE WITH QUOTE LIMIT OUR ABILITY TO MAKE NEW
PROPOSALS UNQUOTE.

7. PAGE 11. IN LINE TWO, DELETE QUOTE FOUR UNQUOTE
AND REPLACE WITH QUOTE FIVE UNQUOTE. IN LINE SEVEN,
DELETE QUOTE CONSISTS OF UNQUOTE AND REPLACE WITH QUOTE
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CENTERS ON UNQUOTE. IN SIXTH LINE FROM THE BOTTOM
DELETE QUOTE ALWAYS UNQUOTE AND REPLACE WITH QUOTE SO
FAR UNQUOTE. REVISE LAST PARAGRAPH AND ADD A NEW ONE
AS FOLLOWS: QUOTE

A THIRD ISSUE IS LDC DEBT PROBLEMS. THE G-77 IS
CALLING FOR A VARIETY OF MEASURES TO AVOID REPAYING
DEBTS INCLUDING MORE AUTOMATIC RESCHEDULING. WE AND
OTHER MAJOR CREDITORS OFFER MORE FINANCING BUT SAY THE
SUBJECT OF DEBT RELIEF IS NON-NEGOTIABLE AT THIS OR ANY
OTHER GENERAL FORUM.

FOURTH, UNCTAD WILL BE CONSIDERING TRADE POLICY
MEASURES, INCLUDING THOSE BEING NEGOTIATED IN THE MTNS
IN GENEVA, DESIGNED TO PRESERVE AND BROADEN LDC ACCESS
TO DEVELOPED COUNTRY MARKETS. EVEN IF THE LDCS DO NOT
FOCUS HEAVILY ON THIS ISSUE WE MAY WANT TO PLACE SOME
EMPHASIS ON IT SINCE WE HAVE RELATIVELY MORE TO OFFER.
UNQUOTE.

8. PAGE 12. IN SECOND PARAGRAPH PLACE FIRST BULLET
LAST AND REVISE SECOND AND THIRD BULLETS (NOW ONE AND
TWO) AS FOLLOWS, QUOTE -- TO FOSTER MORE CONSTRUCTIVE
AND FLUID US-LDC RELATIONS AND THUS PREVENT LDC ECONOMIC
FRUSTRATIONS FROM SPILLING OVER INTO POLITICAL AND

SECURITY AFFAIRS.

-- TO MAINTAIN US LEADERSHIP IN OFFERING AND SHAPING
PRAGMATIC AND CONSTRUCTIVE SOLUTIONS TO REAL LDC PROBLEMS.

9. PAGE 13. IN FIRST PARAGRAPH REVISE FIRST BULLET AS
FOLLOWS: QUOTE TO ADVANCE THE PROCESS OF PRAGMATIC NORTH-
SOUTH NEGOTIATION UNQUOTE. IN LAST PARAGRAPH DELETE FIRST
SENTENCE AND REVISE SECOND AS FOLLOWS QUOTE GIVEN THE
TRADITIONALLY DEFENSIVE ATTITUDE OF THE USG AND MANY OTHER
DCS TOWARDS UNCTAD, WE NEED TO PLAN EARLY, AND FROM THE
TOP DOWN -- I.E. WE NEED HIGH LEVEL POLITICAL ATTENTION
AT THE BEGINNING OF THE PLANNING PROCESS IF WE ARE TO
AVOID BEING FROZEN INTO THE LOWEST COMMON DENOMINATOR OF
THE INTERAGENCY OR THE OECD CONSULTATION PROCESS.

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10. PAGE 14. REVISE THIRD SENTENCE AS FOLLOWS:
QUOTE WE ALSO HOPE TO GET CONGRESS INVOLVED PRIOR TO
NAIROBI, AND WILL PROBABLY WANT TO HAVE SOME MEMBERS
OF CONGRESS ON THE DELEGATION UNQUOTE. IN NEXT-TO-LAST
COMPLETE SENTENCE DELETE QUOTE RECONCILE AS MANY
DIFFERENCES BETWEEN US AND LDCS AS WE CAN BEFORE
UNCTAD IV, OR, MOR PREFERABLY PERHAPS UNQUOTE.

11. PAGE 15. IN FIRST FULL PARAGRAPH, REVISE FIRST
SENTENCE AS FOLLOWS: QUOTE FOURTH, AS OPPOSED TO FOLLOWING
THE SEVENTH SPECIAL SESSION FORMAT IN WHICH WE ATTEMPT
TO OVERWHELM THE FORUM WITH A LARGE NUMBER OF NEW
INITIATIVES, AT UNCTAD WE SHOULD ATTEMPT TO STRESS
IMPLEMENTATION OF UNGA INITIATIVES AND TO MAKE ONLY A
FEW NEW CONCRETE ACTION PROPOSALS. UNQUOTE. AT BOTTOM
OF PAGE ADD NEW SENTENCE AS FOLLOWS: QUOTE A LESS
EXCITING, BUT USEFUL, INITIATIVE WOULD BE A NEW PROCEDURE
AND FORUM FOR CASE-BY-CASE DEBT RESCHEDULING, UNDER
OBJECTIVE IMF LEADERSHIP, AS OPPOSED TO THE HIGH-HANDED
PARIS CLUB RUN BY THE FRENCH MINISTRY OF FINANCE. UNQUOTE.
GERARD

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, AGREEMENT DRAFT, COMMITTEE MEETINGS, PLANNING MEETINGS, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JAN 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KINGST00080
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760005-0644
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760180/aaaactfx.tel
Line Count: 266
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SP
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 19 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 APR 2004 by SmithRJ>; APPROVED <16 AUG 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD IV MEMO TO SECRETARY
TAGS: EGEN, UNCTAD IV
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006